

COMMUNITY DEVELOPMENT

<APICS
<Additional Community Development

AMERICAN PRIVATE INVESTMENT COMPANIES

Background

For fiscal year 2000, the President first proposed to create a number of American Private Investment Companies [APICs]. These would be privately organized lenders, who would provide capital to large-scale businesses in low- and moderate-income areas, both urban and rural. Using seed money from banks, State and local governments, and private corporations, APICs would seek to lend money to large-scale businesses in economically distressed areas, thereby creating jobs and economic opportunity. He is requesting additional funding this year.

Key Points

- < Congress funded this new program at \$20 million in fiscal year 2000. The administration is seeking \$37 million for fiscal year 2001.
- < The administration claims funding at \$37 million will leverage nearly \$1.5 billion in public and private investment.
- < The program is designed to be managed jointly by the Department of Housing and Urban Development and the Small Business Administration.
- < The APIC would seek out private investors and also borrow money to invest in these business ventures. The Federal Government would guarantee the debt issued by the APIC.

ADDITIONAL COMMUNITY DEVELOPMENT

Background

Other administration proposals in the area of community development include the following:

- < A \$119-million increase in Community Development Block Grants [CDBGs]. These grants generally include programs designed to enhance living conditions and can include diverse projects such as environmental clean up to business and economic development. Virtually all cabinet level agencies have community development programs within them and scattered throughout the budget.

< Other community development proposals include the following:

- The administration proposes to create a new Tribal Colleges grant program within the Community Development Block Grant program, overseen by the Department of Housing and Urban Development.
- A new program providing grants for economic and social development programs in the Mississippi Delta is proposed to be funded at \$20 million.
- The administration also proposes to fund a faith-based program within the Community Development Block Grants.
- The Brownfields Redevelopment program would see its funding doubled, from \$25 million to \$50 million.
- A \$95 million increase for Urban Empowerment Zones, which would include transforming it from an appropriated program to an entitlement.